

Exhibit 17

EX-99.1 2 gammonaif.htm

GAMMON LAKE RESOURCES INC.

ANNUAL INFORMATION FORM

FOR FIVE MONTHS ENDED DECEMBER 31, 2005

MARCH 31, 2006

**GAMMON LAKE RESOURCES INC.
(the "Corporation")**

ANNUAL INFORMATION FORM

TABLE OF CONTENTS

ITEM 1: CORPORATE STRUCTURE	1
1.1 Name, Address and Incorporation	1
1.2 Inter-corporate Relationships	1
ITEM 2: GENERAL DEVELOPMENTS OF THE BUSINESS	1
2.1 Three Year History	1
2.2 Significant Acquisitions	2
ITEM 3: DESCRIPTION OF THE BUSINESS	2
3.1 General	2
3.1.1 The Ocampo Project	3
3.1.2 Summary of the KCA Technical Report	4
Table 1- Key Economic Parameters of the Ocampo Project 1A:	5
Table 1-1B: Gold and Silver Production from the Ocampo Project	5
Table 1-2: Ocampo Project Underground Resource Estimate	6
Table 1-3: Ocampo Project Underground Resource Estimate	6
Table 1-4: Ocampo Project Open Pit Resource Estimate (0.3 g/t Cutoff)	6

Table 1-5: Ultimate Pit Reserve Summary	7
Table 1-6: Proven and Probable Reserves by Level (Northeast Ocampo Underground Reserve)	7
Table 1-7: Summary of proven and Probable Reserves	7
Table 1-8: Key Financial Indicators for the Ocampo Mining and Processing Operations	8
3.1.3 Summary of the Mintec Report	9
Table 1.1: Ocampo District Mineral Resources Summary	9
Table 1.2: PGR Open Pit Area Reserves	10
Table 1.3: PGR Open Pit Area Incremental Resources	10
Table 1.4: Northeast Area Proven and Probable Reserves	10
Table 1.5: Ocampo Proven and Probable Reserves	11
3.2 Project Description and Location	11
3.3 Accessibility, Climate, Local Resources, Infrastructure and Physiography	12
3.4 History	12
3.5 Geologic Settings, Deposit Types and Mineralization	12
3.6 Exploration and Drilling	12
3.7 Sampling and Analysis, Data Verification	12
3.8 Mineral Resource and Mineral Reserve Estimates	12
3.9 Development and Mining Operations	13
3.10 Property Agreements, Payments, Royalties and Other Encumbrances	14
3.11 Investment in Mexgold Resources Inc.	15
<hr/>	
3.12 Risk Factors	17
3.12.1 No History of Profitability	17
3.12.2 Exploration and Development Stage Corporation	17
3.12.3 Foreign Operations	17
3.12.4 Government Regulations	17
3.12.5 Market Fluctuation and Commercial Quantities	18
3.12.6 Mining Risks and Insurance	18
3.12.7 Environment Protection	18
3.12.8 Capital Investment	18
3.12.9 Conflicts of Interest	19
3.12.10 Dependence on Key Personnel	19
3.12.11 Lack of Active Market	19
3.12.12 Currency	19
3.12.13 Dividends	20
3.12.14 Competition	20
3.12.15 Possible PFIC Status	20
ITEM 4: DIVIDENDS	20
ITEM 5: DESCRIPTION OF CAPITAL STRUCTURE	21
5.1 General	21
5.2 Common Shares	21
5.3 Class A and Class B Preferred Shares	21
ITEM 6: MARKET FOR SECURITIES	21
6.1 Trading Price and Volume	21
6.2 Prior Sales	22
ITEM 7: ESCROWED SECURITIES	22

<i>ITEM 8: DIRECTORS AND OFFICERS</i>	22
<i>ITEM 9: LEGAL PROCEEDINGS</i>	24
<i>ITEM 10: INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS</i>	24
<i>ITEM 11: TRANSFER AGENT AND REGISTRAR</i>	25
<i>ITEM 12: MATERIAL CONTRACTS</i>	25
<i>ITEM 13: INTERESTS OF EXPERTS</i>	25
<i>ITEM 14: AUDIT COMMITTEE INFORMATION</i>	25
Overview	25
The Audit Committee's Charter	26
Composition of the Audit Committee	26
Audit Committee Oversight	27
Reliance on Certain Exemptions	27
Pre-Approval Policies and Procedures	27
External Auditor Service Fees (By Category)	27

ITEM 15: ADDITIONAL INFORMATION

28

SCHEDULE "A" - AUDIT COMMITTEE CHARTER

A1-A5

FORWARD LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Annual Information Form, including information as to the future financial or operating performance of the Corporation, its subsidiaries and its projects, constitute forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of gold production and prices, operating costs, results and capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Corporation's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Corporation. Such factors include, among others, risks relating to additional funding requirements, reserve and resource estimates, gold prices, hedging activities, exploration, development and operating risks, illegal miners, political and foreign risk, uninsurable risks, competition, limited mining operations, production risks, environmental regulation and liability, government regulation, currency fluctuations, recent losses and write-downs, restrictions in the Corporation's loan facility and dependence on key employees. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Forward-looking statements are made as of the date of this Annual Information Form, or in the case of documents incorporated by reference herein, as of the date of such document, and the Corporation disclaims any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events or results or otherwise.

3.12 Risk Factors

An investment in the securities of the Corporation is speculative and involves numerous and significant risks and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

3.12.1 No History of Profitability

The Corporation is a development stage company with no history of profitability. There can be no assurance that the operations of the Corporation will be profitable in the future. The Corporation has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Corporation may become unable to acquire and retain its mineral concessions and carry out its business plan.

3.12.2 Exploration and Development Stage Corporation

The Corporation is engaged in the business of exploration and development of the Ocampo Project in the hope of locating economic deposits of minerals. The property interests of the Corporation are in the exploration and development stage only. Although a commercial body of ore has been identified on the Ocampo Project, there is no assurance that it can be mined profitably. Accordingly, it is not assured that the Corporation will realize any profits in the short to medium term. Any profitability in the future from the business of the Corporation will be dependent upon developing and commercially mining an economic deposit of minerals, which itself is subject to numerous risk factors. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time of which even a combination of careful evaluation, experience and knowledge of management may not eliminate. While discovery of additional ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs of the Corporation will result in profitable commercial mining operations. The profitability of the Corporation's operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by a number of factors. Substantial expenditures are required to establish reserves which are sufficient to commercially mine some of the Corporation's properties and to construct, complete and install mining and processing facilities in those properties that are actually mined and developed.

3.12.3 Foreign Operations

All of the Corporation's property interests are located in the State of Chihuahua, Mexico, and are subject to that jurisdiction's laws and regulations. The Corporation believes the present attitude of Mexico and the State of Chihuahua to foreign investment and mining to be favourable but investors should assess the political risks of investing in a foreign country. Any variation from the current regulatory, economic and political climate could have an adverse effect on the affairs of the Corporation.

3.12.4 Government Regulations

The Corporation's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Corporation to carry out its mining activities, the Corporation's exploitation licences must be kept current. There is no guarantee that the Corporation's exploitation licences will be extended or that new exploitation licences will be granted. In addition, such exploitation licences could

be changed and there can be no assurances that any application to renew any existing licences will be approved. The Corporation may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Corporation will also have to obtain and comply with permits and licences which may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Corporation will be able to comply with any such conditions.

3.12.5 Market Fluctuation and Commercial Quantities

The market for minerals is influenced by many factors beyond the control of the Corporation such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing corporations, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Corporation's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors which may affect commercial viability so that any adverse combination of such factors may result in the Corporation not receiving an adequate return on invested capital.

3.12.6 Mining Risks and Insurance

The Corporation is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Corporation may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator if its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Corporation.

3.12.7 Environmental Protection

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety which may adversely affect the Corporation or require it to expend significant funds.

3.12.8 Capital Investment

The ability of the Corporation to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing hereafter. There is no assurance that adequate financing will be available to the Corporation or that the terms of such financing will be favourable. Should the Corporation not be able to obtain such financing, its properties may be lost entirely. A summary of the Corporation's financial commitments under the Corporation's option and

joint venture agreements is provided in the following table. Also refer to "Item 3: Description of Business".

Agreement	Consideration	Terms
Minera Fuerte Joint Venture Agreement	8% Net Profit Interest up to a maximum of U.S. \$2,000,000 U.S. \$250,000	U.S. \$2,000,000 less any net profit royalty payments made is due and payable upon sale of the property Upon establishment of a mining reserve of 2.0 million ounces of gold and gold-equivalent ounces
Soyopa Joint Venture Agreement	U.S. \$3,500,000 U.S. \$3,500,000 U.S. \$1,000,000	On or before November 23, 2006. On or before November 23, 2007. Upon sale of Ocampo Project to a third party.

3.12.9 Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors of Mexgold Resources Inc. and other companies involved in natural resource exploration and development and consequently, the possibility of conflict exists. The Corporation's investment in Mexgold Resources Inc. is described in, "Item 3: Description of the Business - 3.11 Investment in Mexgold Resources Inc.". Any decisions made by such directors involving the Corporation will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Corporation and such other companies. In addition, such directors declare, and refrain from voting on any matters in which such directors may have a conflict of interest.

3.12.10 Dependence on Key Personnel

The success of the Corporation is heavily dependent on its key personnel and on its ability to motivate, retain and attract highly skilled persons. The competition for qualified personnel is strong. The Corporation considers Messrs. Fred George and Bradley H. Langille to be key employees and maintains life insurance in the amount of \$1,000,000 on the lives of each of these officers. In order to attract and retain its key personnel, the Corporation has sought to provide its personnel with challenging work and a variety of opportunities for advancement through growth and expansion of the Corporation's business, and through equity participation.

3.12.11 Lack of Active Market

There can be no assurance that an active market for the common shares of the Corporation will continue and any increased demand to buy or sell the common shares of the Corporation can create volatility in price and volume.

3.12.12 Currency

The Corporation carries on its exploration activity outside of Canada. Accordingly, it is subject to the risks associated with the fluctuation of the rate of exchange of the Canadian dollar and foreign currencies, in particular the Mexican peso, the currency of Mexico, and the United States dollar. Such fluctuations may materially affect the Corporation's financial position and results.

3.12.13 Dividends

To date, the Corporation has paid no dividends on its Common Shares and does not intend to pay dividends on its Common Shares in the foreseeable future. See "Item 4: Dividends".

3.12.14 Competition

The international mining industry is subject to government controls and regulations which may vary from time to time. The industry is highly competitive in all phases. The Corporation competes with numerous other companies and individuals in the search for and the acquisition of attractive mineral properties. The Corporation's ability to acquire properties and potential reserves in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for mineral exploration. The Corporation will also be required to compete in the future directly with other companies that may have greater resources.

3.12.15 Possible PFIC Status

Shareholders who are U.S. taxpayers should be aware that the Corporation may be a passive foreign investment company ("PFIC") for the current fiscal year, and may have been a PFIC in prior years or may become a PFIC in the future. If the Corporation is a PFIC for any year during a U.S. taxpayer's holding period, then such U.S. taxpayer, generally, will be required to treat any so called "excess distribution" received on its common shares, or any gain realized upon a disposition of common shares, as ordinary income and to pay an interest charge on a portion of such distribution or gain, unless the taxpayer makes a qualified electing fund ("QEF") election or a mark-to-market election with respect to the shares of the Corporation. In certain circumstances, the sum of the tax and the interest charge may exceed the amount of the excess distribution received, or the amount of proceeds of disposition realized, by the taxpayer. There can be no assurance that the Corporation will satisfy such information reporting requirements or the related record keeping requirements. A U.S. taxpayer who makes a QEF election generally must report on a current basis its share of the Corporation's net capital gain and ordinary earnings for any year in which the Corporation is a PFIC, whether or not the Corporation distributes any amounts to its shareholders. A U.S. taxpayer who makes the mark-to-market election, generally, must include as ordinary income in each year, the excess of the fair market value of the common shares over the taxpayer's tax basis therein.

ITEM 4: DIVIDENDS

The Corporation has not declared or paid any dividends on its Common Shares since the date of its incorporation. The Corporation intends to retain its earnings, if any, to finance the growth and development of its business and does not expect to pay dividends or make any other distributions in the near future. The Corporation's board of directors will review this policy from time to time having regard to the Corporation's financing requirements, financial condition and other factors considered to be relevant.